

# HSL records growth in Q1

*Net cash dividend of 14% for 2014*

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KUCHING (Thursday): Hock Seng Lee Berhad (HSL) has achieved commendable first quarter financial results with net pre-tax profit rising to RM26.26 million on the back of revenue of RM186.46 million for the three months ending 31 March 2015.

This translates to both earnings and turnover growth for the Sarawak-based marine engineering and infrastructure specialist as it recorded pre-tax profit of RM22.03 million on the back of revenue of RM116.03 million for the corresponding first quarter of 2014.

At the Annual General Meeting held this morning, shareholders approved a final ordinary dividend of 8 per cent (single tier) or 1.6 sen as recommended by the Board.

Added to the interim dividend of 6 percent net paid in October 2014, the cash dividend for 2014 will total 14 percent net. The final dividend shall be payable on 23 June 2015 with the entitlement date set for 9 June 2015.

This represents another sound return for the Group's investors, a high proportion of which are institutional investors attracted to reliable shareholder value. Dividend pay-out ratios have been sustained in the region of 20 percent over the past five years.

HSL Group Managing Director, Dato Paul Yu said the results were pleasing given that the first quarter was often difficult with the lunar new year festival and the landas (rainy) season.

"The weather has been kinder than usual at this time of year and some of our larger projects have gained momentum as is reflected in the 61 percent increase in revenue and 19 percent increase in earnings for the group compared with the previous year's corresponding quarter," Dato noted.

"There remains some pressure on margins with the predominance of open tender procurement and the general rise across all our operating costs," he added.

The domestic construction industry is feeling the pinch with inflationary pressures and the labour shortage.

HSL Group procured an additional RM105 million worth of new projects in the three months ended 31 March 2015 mostly in the SCORE (Sarawak Corridor of Renewable Energy) region of Sarawak including an access road and water intake project in the SCORE knowledge hub of Mukah.



The property development segment has made a modest contribution to Group bottom line (4 percent) this quarter as the team works to clear the last remaining units in some developments and gears up for new launches in the second half of the year.

As at the end of the first quarter of 2015, HSL remains without borrowings and has sufficient cash reserves to start-up major new projects or even to offer project financing.

HSL's order book stands at RM1.5 billion with approximately RM870 million outstanding as at 31 March 2015.

On the rest of the year, Dato Paul Yu said the Company will continue to work hard on its existing portfolio of prestigious projects to ensure optimum outcomes for clients, yet the Group is also active in submitting bids and pursuing additional new works.

It is notable that economic growth in the Group's home state of Sarawak continues to outpace the national average. The impact of industrialization and urbanization underpinned by the dynamism of SCORE is driving prospects for the local construction industry.

The advent of new packages for the upgrading of the Pan-Borneo Highway and the agenda to better address the needs of the people of Sarawak particularly that of the rural communities are also expected to buoy HSL's prospects.

At HSL's Annual General Meeting held in Kuching today, shareholders approved all agenda items put forward and several commended the Board for delivering another set of sound financial results.

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*Based in Sarawak, East Malaysia, Hock Seng Lee Group is involved in marine engineering, civil engineering, building construction and property development.*

*HSL is listed on Bursa Malaysia's Construction Counter (stock code 6238, Bloomberg code HSL MK).*

***For further information see: [www.hsl.com.my](http://www.hsl.com.my)***